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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

14 July 1952

STAFF MEMORANDUM NO. 255

SUBJECT: Developments in the Egyptian Situation

1. The resignation of Hilali and the appointment of Sirrey as Prime Minister of Egypt is important not so much because of any immediate repercussions the change may have in Egypt but because of the effect it is apparently having on the British approach to the Egyptian problem and because of the problems it is posing for the US in its relations with the British.

2. In a formal communication to the US, the UK expressed its disappointment over the fall of the Hilali regime, believing it due almost exclusively to his refusal to "condone" the corruption and intrigue among the Palace clique. The UK also expressed the belief that the appointment of Sirrey is a prelude to the return of the Wafd. The UK flatly refused, meanwhile, to consider making concessions on the Sudan issue and proposed a determined effort by the US to persuade Farouk of the necessity of appointing a strong regime which could implement political and social reforms in Egypt and negotiate "realistically" on the Sudan issue. Failure of Farouk to appoint such a regime would eventually result in forceful occupation of Egypt by the British.

3. The US State Department reserved its final answer but commented that the "real" reason for Hilali's downfall was his lack of progress with the UK, and that Palace intrigue was only the "ostensible" reason. The Department's position is that in the present political climate in Egypt, no government could retreat from the demand that the UK recognize Farouk's title as King of the Sudan, and that in the absence of a settlement with the UK no

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Egyptian government can either last for long or make progress toward social and economic reform. It would be futile, therefore, for the US to request the impossible of Farouk -- installation and support of a government which could negotiate "realistically" with the British. The Department also "wondered" whether the British were not in fact trading their position in the Middle East for their position in the Sudan.

h. It is extremely difficult [redacted]

[redacted] to predict future developments in Egypt with any preciseness. One thing seems clear: the situation in Egypt is not likely to become critical for several months. However, if elections are held in October as planned and no progress has been made toward a settlement with the British, the Wafdists will almost certainly return to power and Farouk will find it far more difficult to maintain order than he did after the January 1952 riots. A negotiated settlement on Sudan and Suez would become virtually impossible. On the other hand, there is a good chance that the Sirrey regime, or a successor regime possibly led by Marraghi (former Minister of Interior), will postpone elections and be able to retain control for a further period. Although it is impossible to estimate how long such a regime could maintain itself in power in the absence of a settlement with the UK, it certainly could not do so indefinitely and probably not long enough to: (a) permit the Egyptians and Sudanese to reach agreement on the future of Sudan; or (b) implement social and economic reforms which would attract to it sufficient popular support either to undermine the Wafd or divert public attention from the dispute with the British.

k. [redacted]

- a. Intervention on behalf of the UK would almost certainly alienate Egyptian opinion and seriously weaken the position of the US throughout the Middle East. We consider it most unlikely that US intervention would cause the Egyptians to retreat from their present position. If US intervention failed, the position of the moderates in Egypt would be weakened and the return of the extremists to power hastened. If the

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US then supported, or even merely made no effort to prevent, forceful occupation of Egypt by the UK, the results for the US in the Middle East and throughout the world would be most serious.

- b. Intervention on behalf of the Egyptians would create serious problems in over-all Anglo-US relations. Moreover, open disagreement between the US and the UK on the Egyptian question would probably make the British position untenable throughout the Middle East. Such a development would necessitate sweeping changes in US policy throughout the area and seriously complicate present plans for the establishment of a Middle East defense organization.
- c. Continuation of the present policy of neutrality, while it would not immediately antagonize either the UK or Egypt, would probably eventually lessen the ability of the US to influence the course of events in Egypt. As the dispute dragged on, both the UK and Egypt would probably become less disposed to adopt moderate positions as their realization grew that the US was not going to take a more active role, on one side or the other, in finding a solution to the impasse. Finally, the other Middle Eastern states will tend increasingly to blame the US for its failure to bring pressure to bear on the UK to make concessions to Egypt.

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